

Office of the Director

Executive Office - Budget and Financial Management Policy

Agency Agreements Policy

May 2004

A. **Purpose:** The purpose of this OD policy is to establish standard procedures, practices, responsibilities, and forms used to control and document the issuance and receipt of funds via inter/intra-agency agreements (IAAs) and direct fund citations.

B. **Scope:** This policy is applicable to all OD organizations, programs, and appropriations.

C. **References:** NIH Manual, Chapter 1165.

D. **Definitions:**

1. **Inter-agency Agreement:** a written arrangement between the OD and another Federal government agency involving the exchange of funds for the provision of a service or product.
2. **Intra-agency Agreement:** a written arrangement between the OD and another NIH institute or center (IC).
3. **Direct Citation Agreement:** a documented arrangement between the OD and another IC or agency in which the performing organization cites an OD CAN on the obligating document(s). This financing method will be used exclusively in circumstances where the ultimate obligation of funds is in the form of a grant, contract, task order, purchase order, or similar transactions. This method will **not** be used when **any** of the following

conditions exist:

- a. The provision of service involves salary reimbursement.
- b. Systems limitations (e.g., ADB or IMPAC II) prevent direct CAN citation
- c. The provision of services requires multiple and varied accounting transactions so complicated that tracking obligations against the financing CAN is not practical.

Direct Citation Agreements are not processed through the accounting system and do not serve as obligating instruments.

4. Memorandum of Understanding (MOU): a written arrangement between organizations, both governmental and non-governmental, which usually involves collaborative or cooperative accords, and/or service agreements. It is similar to an inter/intra-agency agreement in that respect, and often will include financial provisions. There is a significant difference in that an MOU, like a direct citation agreement, is not processed through the accounting system and cannot serve as an obligating instrument.

E. Forms:

1. NIH Form 1742 (Revision 3/99): serves as the document for all OD IAAs, whether the OD is the requesting or performing organization. The assigned OD agreement number is coded differently depending on whether the funds are outgoing or incoming, as follows:

- a. When the OD is the requesting (paying) organization and an outside agency is the

performing (receiving) organization, the OD agreement number will contain a **Y1** prefix.

b. When the OD is the requesting (paying) organization and another IC is the performing (receiving) organization), the OD agreement number will contain a **Y2** prefix.

c. When the OD is the performing (receiving) organization, regardless of the requesting (paying) organization, the OD agreement number will contain a **Y3** prefix. Funds received through this type of agreement reimburse the OD for costs incurred, and represent an increase to budget authority.

2. OD Direct Citation Form: serves as the document for all OD agreements which involve authorizing direct CAN citation by another IC or agency in amounts \$25,000 or greater. This form may be used, but is not required, if the arrangement involves lesser amounts. In such cases a memorandum or e-mail is adequate to document and authorize a direct CAN citation funding agreement. Even for minor fund amounts another IC may, at their discretion, request that the arrangement be documented using this form.

Note: See the Appendix for sample forms and instructions on filling in the blocks.

F. General: To accomplish its mission and to support other NIH organizations and outside federal agencies, the OD regularly enters into agreements involving the acquisition or provision of services or products. In most cases these agreements require financial exchanges in which the requesting, or paying, organization provides funds to the performing organization to finance the service/product. Standard accounting practices require that these arrangements be documented to ensure proper recording of obligations, reimbursable budget authority (where applicable), and to

provide an audit trail of the transaction. To accomplish this, forms are used to document these arrangements, to include the purpose, the performance period, the appropriation(s) and other accounting and billing information, and the dollar amount. The documents are signed by representatives of both the requesting and performing activities.

G. Responsibilities:

1. Administrative Officers:

- a. When the OD is the requesting (paying) organization, prepare the NIH Form 1742 or the OD Direct Citation Form, as applicable, in accordance with the instructions in this policy. This includes modifications, as necessary. For IAAs preparation will require coordination with the performing (receiving) IC or agency to obtain necessary financial information (appropriation number, CAN, other IC agreement number, etc).
- b. When the OD is the performing (receiving) organization and the requesting organization is an NIH IC, the agreement will be prepared by that IC. Coordination with the IC is required to provide necessary OD financial information.
- c. Obtain an agreement number from the Budget Office when it has been determined that an agreement is required, and the other IC/agency, purpose, and amount have been identified.
- d. Obtain signatures from both parties.
- e. Submit completed documents to the OD Budget Office for review and further processing. If the OD is the paying agency the original form must be provided.

- f. Track the status of the agreement through completion or year-end closeout.

Note: Under no circumstances will Administrative Officers deliver Forms 1742 directly to the accounting office (see Budget Office responsibilities below).

2. Budget Office:

- a. Assigns IAA and Direct Citation agreement numbers. Numbers will not be provided in advance of preparation.
- b. Reviews all documents to ensure that required information is complete and correct.
- c. Delivers two copies of all IAAs to the Office of Financial Management (OFM) for processing, recording, and, where applicable, obligation.
- d. Maintains the official file as required for audit purposes, as well as a tracking log of all agreements.
- e. Serves as the OD office of record and contact point for all issues concerning agreements.
- f. Establishes or adjusts fund allowances, as applicable.
- g. Prepares IAAs or Direct Citation forms in special cases where the agreement does not involve a particular OD office (e.g., centrally funded requirements or the Director's Discretionary Fund).
- h. Monitors agreement obligations to include, to the extent feasible, identifying IAA funds that cannot be expended by fiscal year-end and arranging de-obligation.

3. Office of Financial Management:

- a. Reviews all IAAs for accuracy.
- b. Obligates and de-obligates funds.
- c. Manages payments, collections, and billings.
- d. Conducts unliquidated obligation reviews related to IAAs.
- e. Serves as the office of record for all accounting transactions related to IAAs.

H. Procedures: Subsequent to an OD office negotiating or arranging with an IC or other government agency to provide or acquire a service, applicable documentation must be prepared. A determination must be made as to which financing method and form is required to document the arrangement.

1. IAAs:

- a. When reimbursement is involved, an IAA must be prepared and an agreement number assigned.
- b. IAAs must have a unique agreement number. In cases where agreements are done two or more years in succession with the same organization, new numbers will be assigned each year.
- c. If a number is assigned and the agreement is subsequently canceled, the Budget Office must be notified.
- d. If the OD is the requesting organization, the (Y1 or Y2) agreement will be prepared by the administrative officer and an original copy will be provided to the Budget Office.

e. If the OD is the performing organization and the requesting organization is another IC, the (Y3) agreement should be prepared, and signed first, by the requesting IC. A copy signed by both parties will be provided to the Budget Office. If the OD is the performing organization and the requesting organization is another federal agency, a (Y3) agreement will be prepared upon receipt of the agency's agreement or similar document.

2. Direct Citations:

a. In most instances where an arrangement involves another IC citing an OD CAN on an obligating document(s), a direct citation form must be prepared and a document number assigned. Regardless of dollar value, the form must be prepared if requested by the other IC.

b. The form must be signed by both parties and a copy must be provided to the Budget Office.

c. In those instances where the direct CAN citation involves amounts less than \$25,000 the arrangement may be documented informally between the parties.

Documentation does not need to be provided to the Budget Office in such cases.

d. Direct citations may be utilized whether the CAN involved is intramural, extramural, or research management and support (i.e., 832xxxx/833xxxx/836xxxx or 842xxxx/846xxxx).

Appendix

1. **Inter/Intra-agency agreement NIH 1742 Form** (sample attached) is to be filled out as follows:

Block 1 - OD Agreement number, including modification number.

Block 2 - Paying Agency's agreement number.

Block 3 - Receiving Agency's agreement number.

Note: pending the planned revision of the NIH 1742, when the OD is the receiving agency the OD agreement number will appear twice, in Blocks 1 and 3. When the OD is the paying agency the OD agreement number will appear twice, in Blocks 1 and 2.

Block 4 - Title of the Agreement - enter a short, descriptive title

Block 5 - The Summary of Substance of the Agreement - For **Y2** and **Y3**

agreements, provide a short description of the purpose or scope of work.

Enter funds, personnel, equipment, facilities, etc. Specify each

organizational component involved. For **Y1** agreements only, OFM

(currently) requires an attachment which serves as a statement of work

and/or memorandum of understanding, providing more extensive details of

the arrangement between NIH and the performing agency.

Block 6 - Period of Agreement - enter the performance period or expiration date of the agreement.

- Block 7 - Authority of the Agreement - insert the following statement:
- This agreement is made under the authority of the Economy Act, approved June 20, 1932 as amended (31 USC 1535 and 1536) and under the provision of the GAO Policy and Procedures Manual, Title 7, Sections 8.4 and 13.2(1).**
- Block 8 - Paying Agency's Location Code - (NIH's code is **75080031**).
- Block 9 - Paying Agency's Entity Identification Number (EIN) and DUNS - (NIH's EIN is: **152085811501**; NIH's DUNS is: **927645168**)
- Block 10- Paying Agency's Address - for NIH enter the following:
- Government Accounting Section**
- Office of Financial Management, NIH**
- 31 Center Drive, MSC 2045**
- Bethesda, MD 20892-2045**
- Block 11- Receiving Agency's Location Code - (see Block 8 above)
- Block 12- Receiving Agency's Entity Identification Number (EIN) and DUNS - (see Block 9 above)
- Block 13- Receiving Agency's Address
- Block 14- Paying Federal Agency - enter name or acronym
- Block 15- Paying Agency's Agreement Number
- Block 16- Paying Agency's Appropriation Number
- Block 17- Paying Agency's CAN
- Block 18- Paying Agency's Amount - specify funding amount

- Block 19- Paying Agency's Signatory
- Block 20- Paying Agency's Date of Signature
- Block 21- Receiving Federal Agency - enter name or acronym
- Block 22- Receiving Agency's Agreement Number
- Block 23- Receiving Agency's Appropriation Number
- Block 24- Receiving Agency's CAN
- Block 25- Receiving Agency's Amount - (same amount as Block 18)
- Block 26- Receiving Agency's Signatory
- Block 27- Receiving Agency's Date of Signature
- Block 28- NIH Project Officer's Name - Program/Office contact point
- Block 29- NIH Project Officer's IC
- Block 30- NIH Project Officer's phone number
- Block 31- NIH Administrative Contact's name - Program/Office AO
- Block 32- NIH Administrative Contact's IC
- Block 33- NIH Administrative Contact's phone number
- Block 34- Clearances - Budget Office staff signs

2. **OD Direct Citation Form** (sample attached):

Most of the required information is self-explanatory, but note the following:

- a. The Receiving IC Direct Citation Number is optional; some ICs will assign their own number, others will not.
- b. The obligating document number(s) should be the number(s) that will appear in

the accounting system when the transaction is officially recorded. With a few exceptions, this entry will be a grant, contract, or purchase order number. If the number is not available at the time of preparation, leave the column blank.

When a number(s) is available, the administrative officer should notify the Budget Office so the copy of record and the tracking log can be annotated.